Executive Summary

In November, 2000, PERAC published the first experience study of the TRS. That study looked at the experience over the five-year period from 1995-1999. Based on the results of that study, there were a number of changes made to the assumptions used to value the liabilities of TRS.

In February, 2008, PERAC published the second study of the TRS which covered the six-year period from 2000-2005. Based on the results of that study, we made minor changes to most of the principal assumptions used to value the liabilities of the TRS.

This study covers the six-year period from 2006-2011. Based on the results of this study, we are making minor changes to the retirement, disability and withdrawal assumptions, but more significant change to the salary increase and mortality assumptions.

These changes are detailed below.

Experience indicates that changes should be made to the following assumptions:

- Rates of retirement for teachers both in Retirement Plus and not in Retirement Plus; negligible impact on total plan cost.
- Rates of withdrawal for all active members; negligible impact on total plan cost.
- Rates of salary increases for active members; decrease in total plan cost.
- Rates of disability at some ages for all active members; slight decrease in total plan cost.
- Rates of mortality for retired and disability retired members; increase in plan cost.

Executive Summary (continued)

Nature and effect of changes:

- Revised assumptions are based on both actual past and anticipated future experience.

- Overall, the revised assumptions produce a total plan cost greater than that under the prior assumptions. Although there was a decrease in the normal cost, primarily due to the revised salary increase assumption, there was an increase in the actuarial liability (and therefore a corresponding increase in the unfunded actuarial liability) as shown in the figures below (dollars in thousands).

The revised assumptions were first reflected in our January 1, 2013 actuarial valuation.

January 1, 2013 Valuation	Prior Assumptions	Revised Assumptions
Employer Normal Cost	$138,060	$119,660
Actuarial Accrued Liability	$38,200,218	$39,135,218
Actuarial Value of Assets	21,787,470	21,787,470
Unfunded Actuarial Liability	$16,412,748	$17,347,748
Funded Ratio	57.0%	55.7%

The figures above reflect the 8.0% investment return assumption adopted as part of the January 1, 2013 actuarial valuation. The investment return assumption is not part of this experience analysis.

The actuarial accrued liability (and therefore, the unfunded actuarial liability) increased $935 million reflecting the revised assumptions. The change in the mortality assumption increased the actuarial liability by approximately $1.56 billion. The change in the salary assumption decreased the actuarial liability by approximately $510 million. The changes in the retirement, disability and turnover assumptions decreased the actuarial liability by approximately $115 million.